

Fauquier County Economic Indicators



December 31, 2017
Office of Management and Budget

I. Executive Summary

Fiscal health can be measured by a myriad of factors which provide insight to current and historical economic conditions, future projections, budget preparation, and determining needs or priorities of the community.

The data provided in this document is a means of presenting fiscal health characteristics in terms of current and historical trends. The data provides a quick snapshot of the market today to indicate where the market is moving, and/or utilizes historical trends to display the market trends over multiple fiscal or calendar years. Current trends provide context for the historical trends of the economic environment, its prolonged expansion or contraction of the market, and signs of change.



The information that follows was derived from various sources including federal, state, and local government and the private sector. The information collected is based on 6 key categories for both current and historical trends: businesses, community development fees and permit issuances, employment, residential sales, local revenues, and taxable sales.






Section II of the document provides a table of key observations for both current and historical economic indicators. For current economic indicators, observations are given a rating of positive, neutral, or negative based on their impact to the economic environment. Section III of the document provides an overview of the economic indicator categories with various graphs. The section is divided into two sections: current and historical economic indicators.

II. Trends and Analysis

A. Current Economic Indicators

The following table displays key observations in the review of current economic indicators. The trend for each key indicator listed below is rated by one of the following symbols:

-  **Positive trends observed; can be an indicator of market expansion**
- **Neutral trends observed; changes can be an indicator of decline or growth**
-  **Negative trends observed; can be an indicator of market contraction**

Category	Indicator	Trend	Comments
Community Development	Community Development Fees	-	Community Development fees experienced an 8% decrease at the end of the second quarter of FY 2018, but remained relatively flat overall throughout the last three fiscal years, with only a +/-1% change each year.
Community Development	Building & New Residential Construction Permits		Permitting volume experienced a 10.6% increase at the end of the second quarter of FY 2018, and new construction permits saw an increase of 8.9%. In addition, construction value of permits saw an increase of more than 24% at the end of the second quarter, continuing the positive trend seen in recent years.
Employment	Unemployment Rate		The current unemployment levels are significantly below the County's ten and five-year averages of 4.3% (2007-2017) and 4.0% (2012-2017). The County's unemployment rate was 2.8% at the end of December 2017, down almost 7% from the same period last fiscal year. Fauquier County ranked 12 th lowest overall in the state.
Employment	Unemployment Insurance Claims	-	Continued and initial unemployment insurance claims continue to experience seasonal fluctuation, with decreases in continued unemployment insurance claims during the first half of FY 2018.
Local Revenue	County Sales Tax Collections		The County sales tax collections continue to experience normalized increases, with a 3.2% increase at the end of the first half of FY 2018, as compared to the same period in FY 2017.
Residential Housing Market	Days Houses are on Market		At the end of the second quarter of FY 2018, the average days on the market decreased by approximately 10% as compared to the same period in FY 2017, similar to the rest of the region and in line with seasonal fluctuation, at a lower rate of change.
Residential Housing Market	Median Sales Price		Median home sale values increased by almost 18% at the end of the first half of FY 2018 as compared to the second half of FY 2017, tracking slightly higher than fluctuation in previous years, and similar to the rest of the region.
Residential Housing Market	Number of Homes Sold	-	The number of home sales saw an increase of 9.5% at the end of the second quarter of FY 2018, as compared to the same period in FY 2017, while active listings saw a decrease of almost 8%. While number of home sales remains relatively flat considering seasonal fluctuation, the number of active listings is tracking at a lower rate of change.

B. Historic Economic Indicators

The following table displays trends and observations relative to historic economic indicators and how those observations may impact current economic indicators.

Category	Indicator	Trend	Comments
Businesses	Number of New Licenses Issued	↑	The number of new licenses issued for businesses in FY 2017 increased 2.4% from FY 2016, continuing the positive trend seen in recent years.
Businesses	Number of Start-up Firms	-	Significant seasonal fluctuation remains, and the estimated number of start-up firms saw a 4% decrease through the end of the third quarter of CY 2017 as compared to the same period in CY 2016.
Taxable Sales	Taxable Sales	-	Taxable sales continue to improve year-over-year, with only seasonal fluctuation, similar to the entire region.

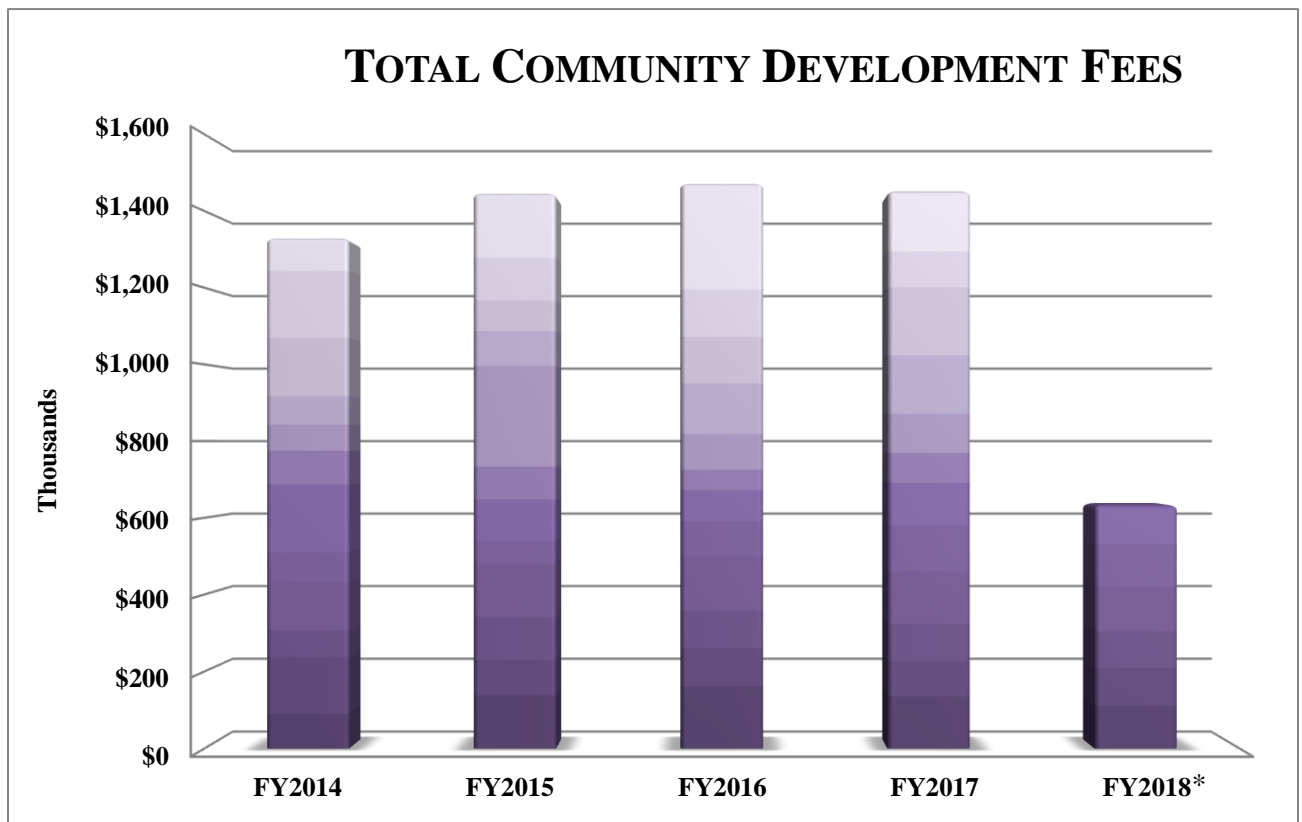
III. Economic Indicators – Data

A. Current Economic Indicators Data

1. Community Development

a) Community Development Fees

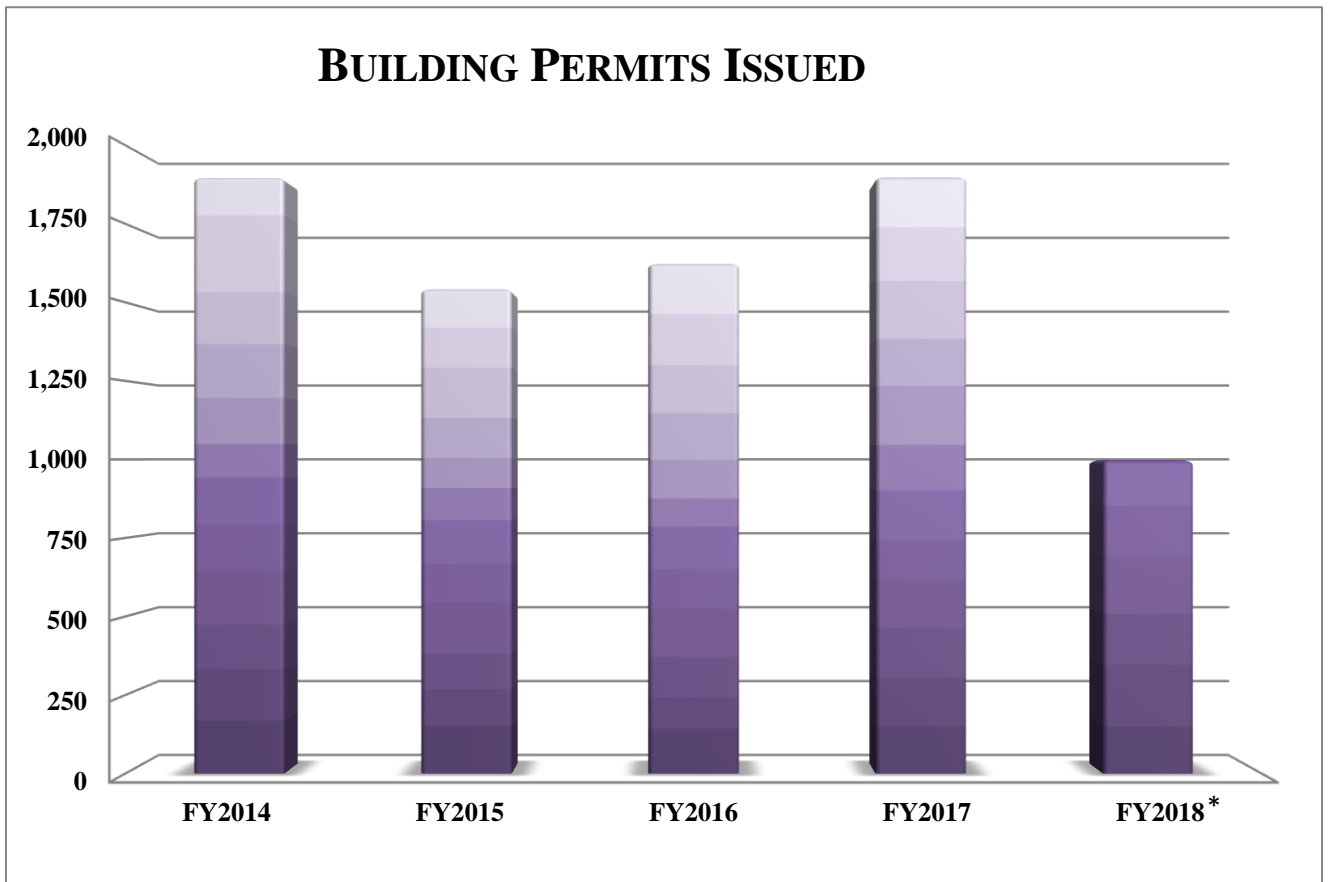
While Community Development Fee revenue has remained relatively flat over the last three fiscal years, the first half of FY 2018 has seen an 8% decrease in fee revenue as compared to the same time period last fiscal year. This reduction in revenue collections is not attributable to permitting activity overall, as the volume of permits issued in the County is trending positively, with an 8.9% increase for the same period of comparison. The decline in revenue collections is mainly attributable to the types of permits issued and the fee associated with those permits which can vary based on State and/or local requirements.



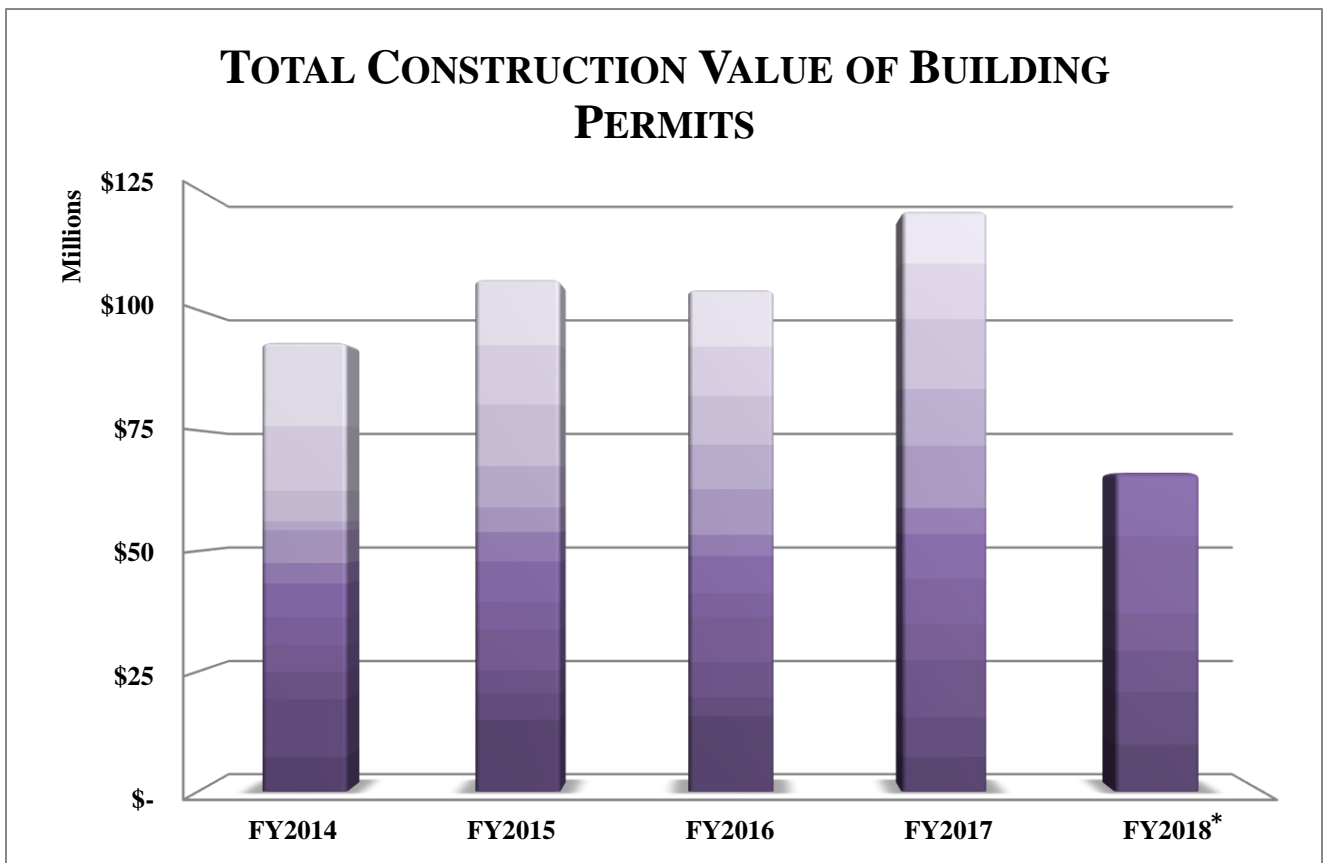
Source: Community Development. *FY 2018 includes data as of December 31, 2017.

b) Building Permits

Building permits issued increased by 10.6% at the end of the second quarter of FY 2018 as compared to the same period in FY 2017, and new residential construction permits saw an increase of 8.9%. The value of building permits also increased by almost 24%, while residential plans reviewed only had a slight increase of 2.95% at the end of the second quarter of FY 2018 as compared to the same period last year. Overall permitting and construction values continue the upward trend seen in recent years.

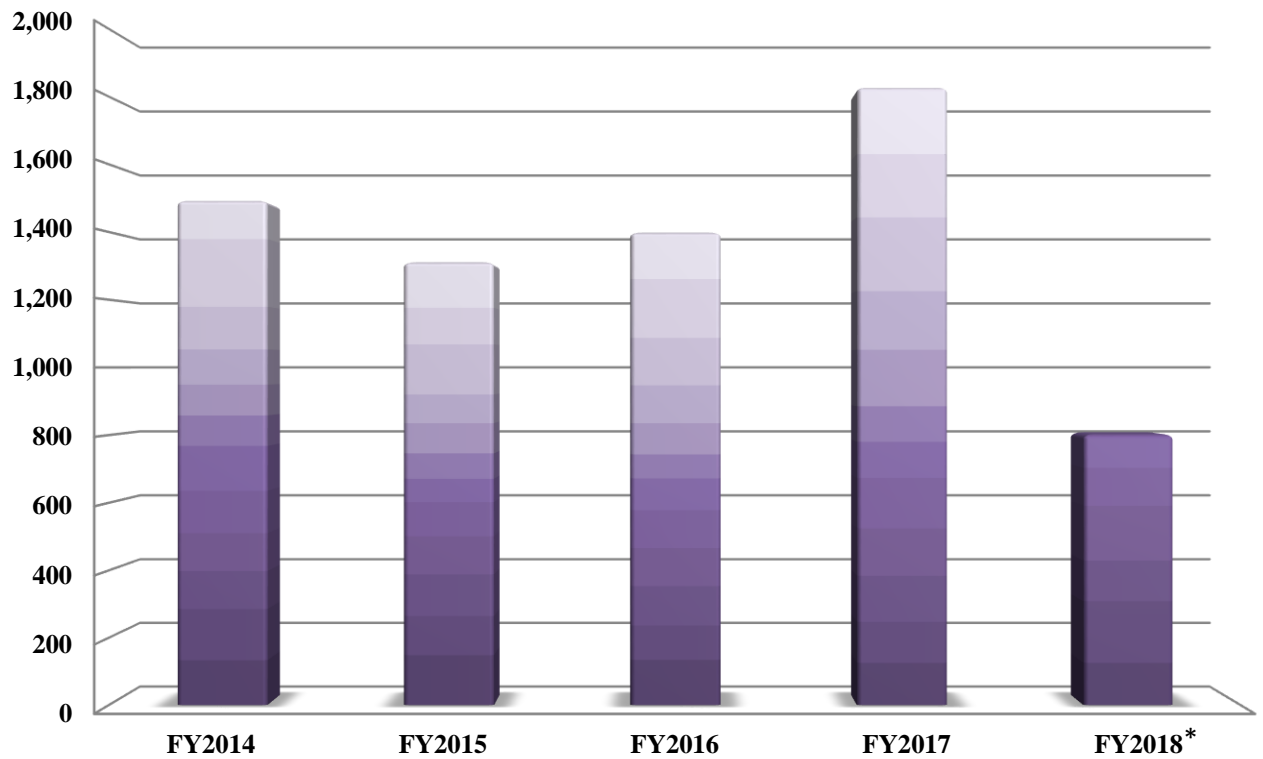


*FY 2018 includes data as of December 31, 2017.



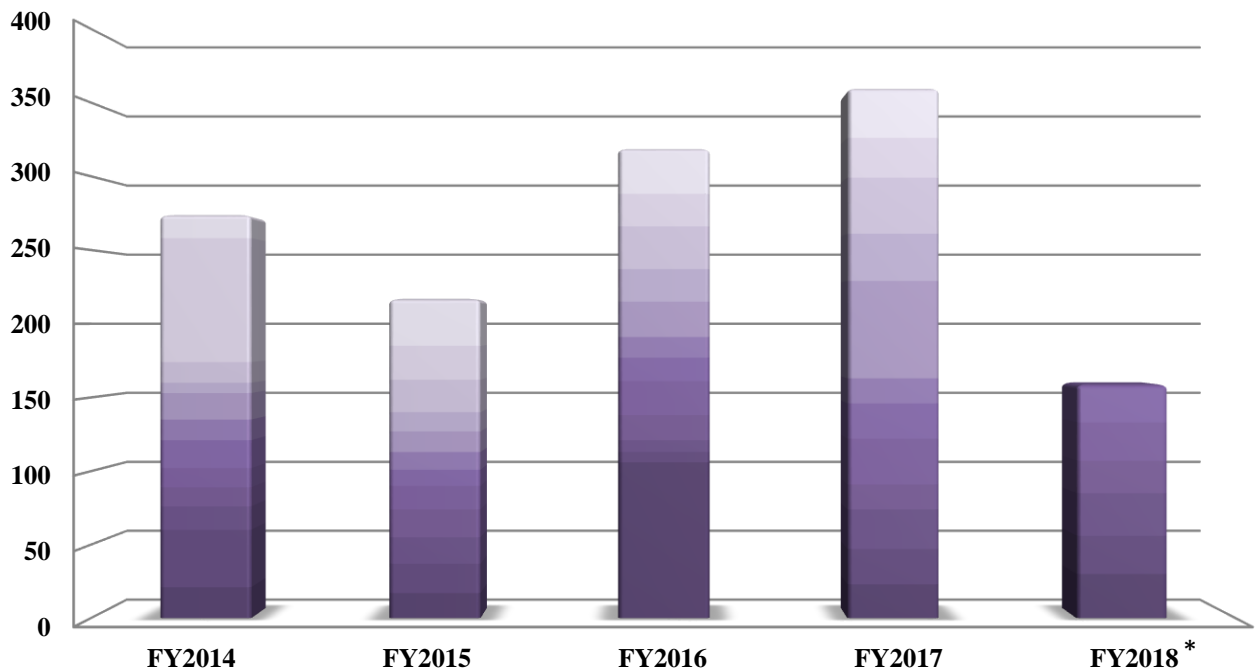
*FY 2018 includes data as of December 31, 2017.

RESIDENTIAL PLAN REVIEWS



*FY 2018 includes data as of December 31, 2017.

NEW HOME CONSTRUCTION PERMITS ISSUED BY YEAR

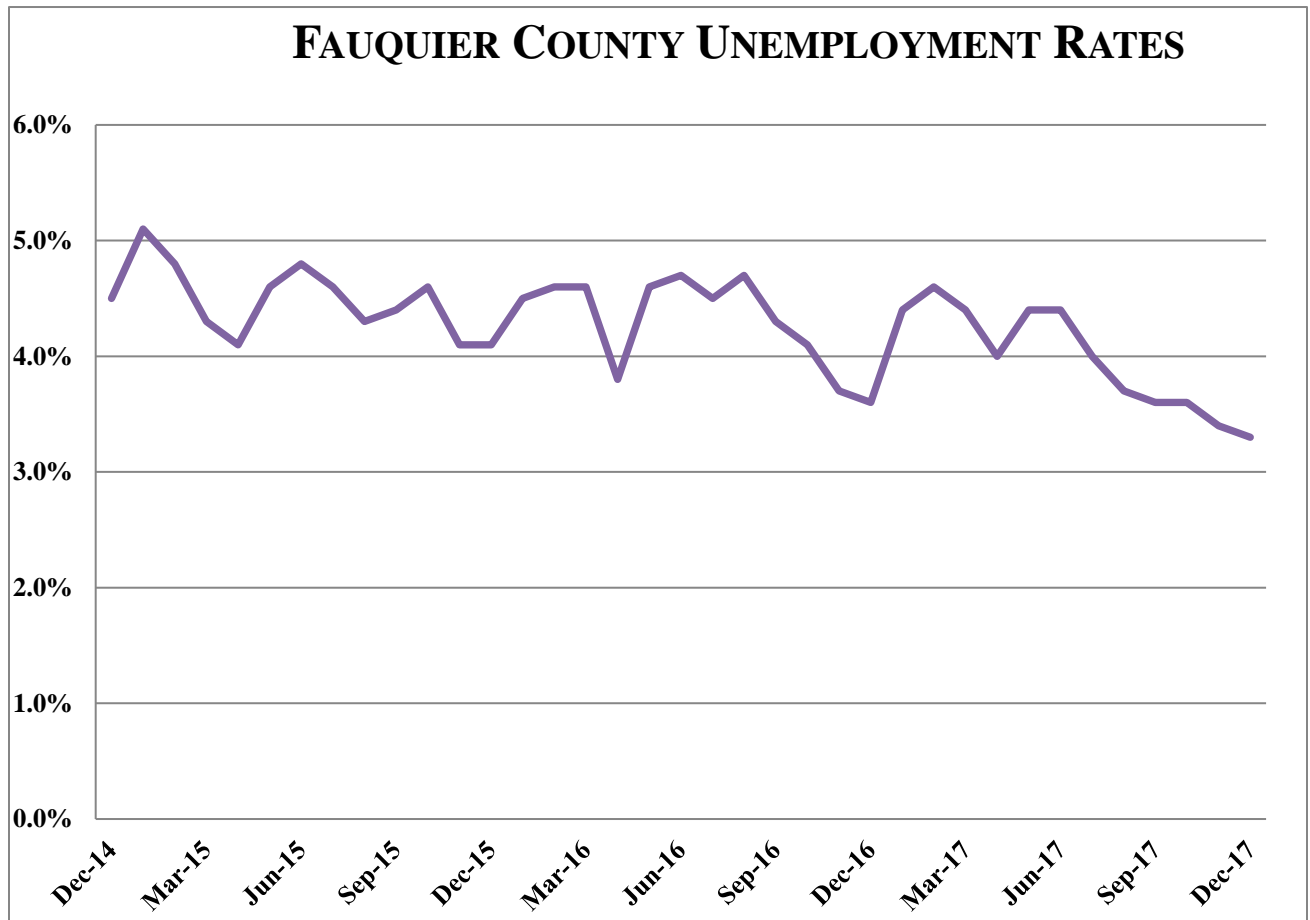


*FY 2018 includes data as of December 31, 2017.

2. Employment

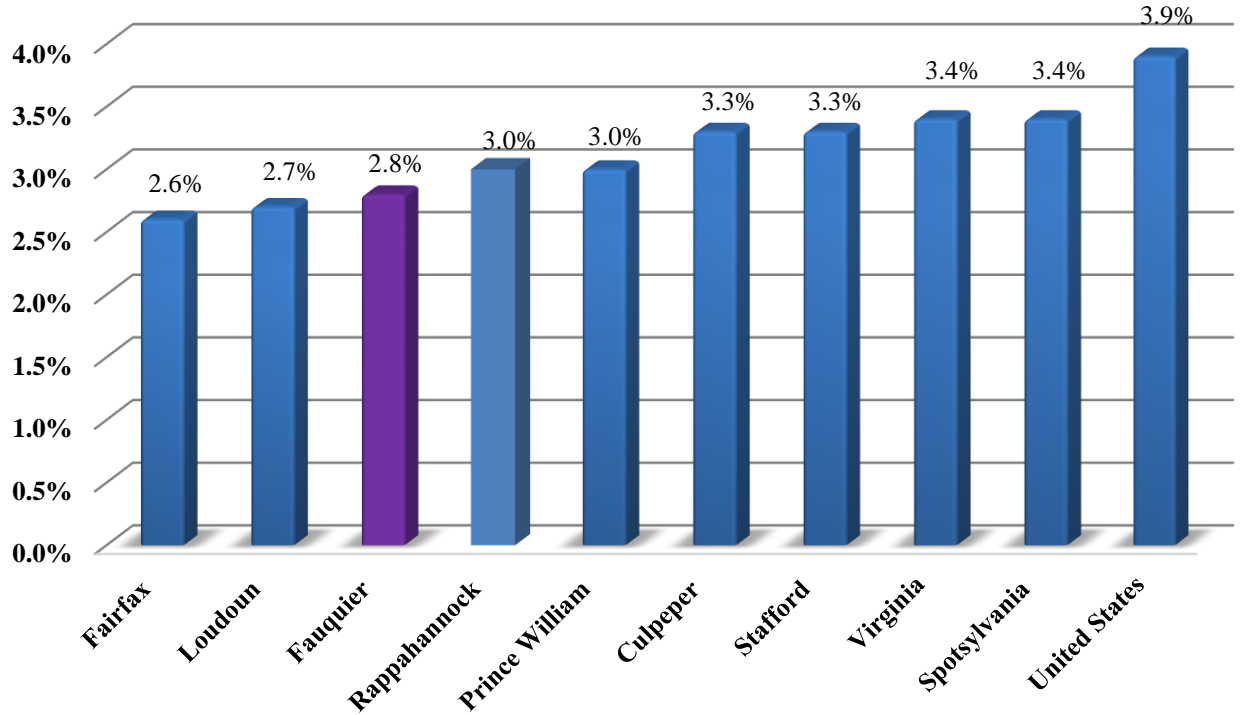
a) Unemployment Rates

The Fauquier County unemployment rate continued to decline during the first half of FY 2018, down almost 7% as compared to the same period in FY 2017. The 2.8% unemployment rate is the lowest the County has experienced in over 7 years, in line with the state and the surrounding regions. In comparison to other local jurisdictions, Fauquier County's December 2017 unemployment rate of 2.8% trails Fairfax and Loudoun; and leads Prince William, Rappahannock, Culpeper, Stafford, and Spotsylvania. Overall for the Commonwealth, Fauquier County ranked 12th behind other localities such as Arlington, Falls Church City, Fairfax City, Alexandria City, and Madison.



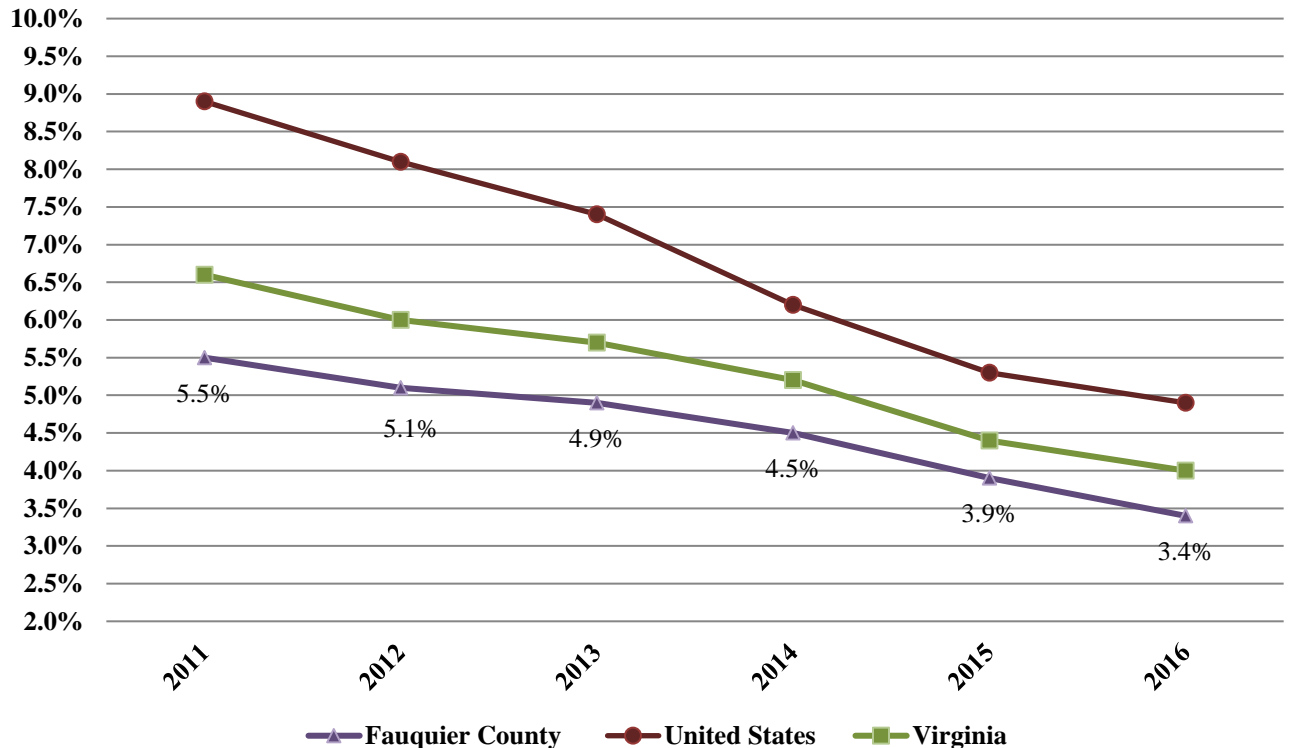
DECEMBER 31, 2017 UNEMPLOYMENT RATES

NOT SEASONALLY ADJUSTED



AVERAGE ANNUAL UNEMPLOYMENT RATES

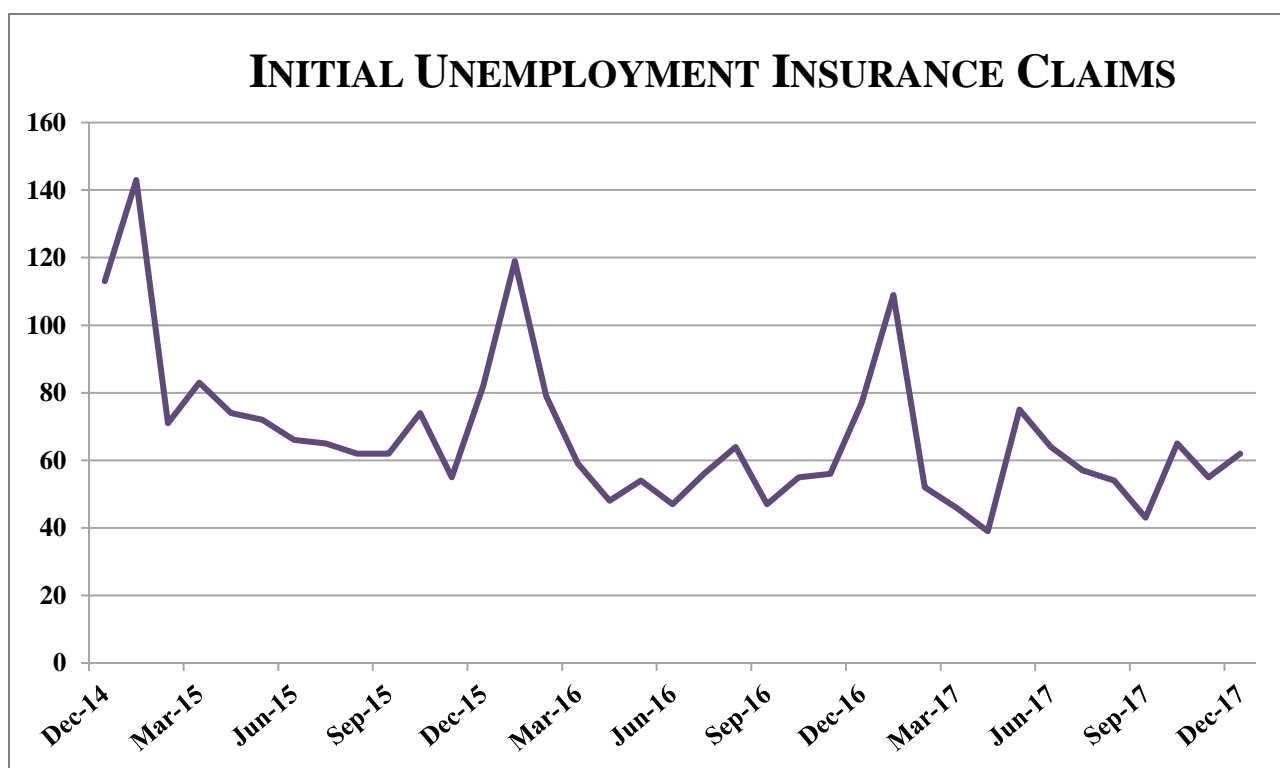
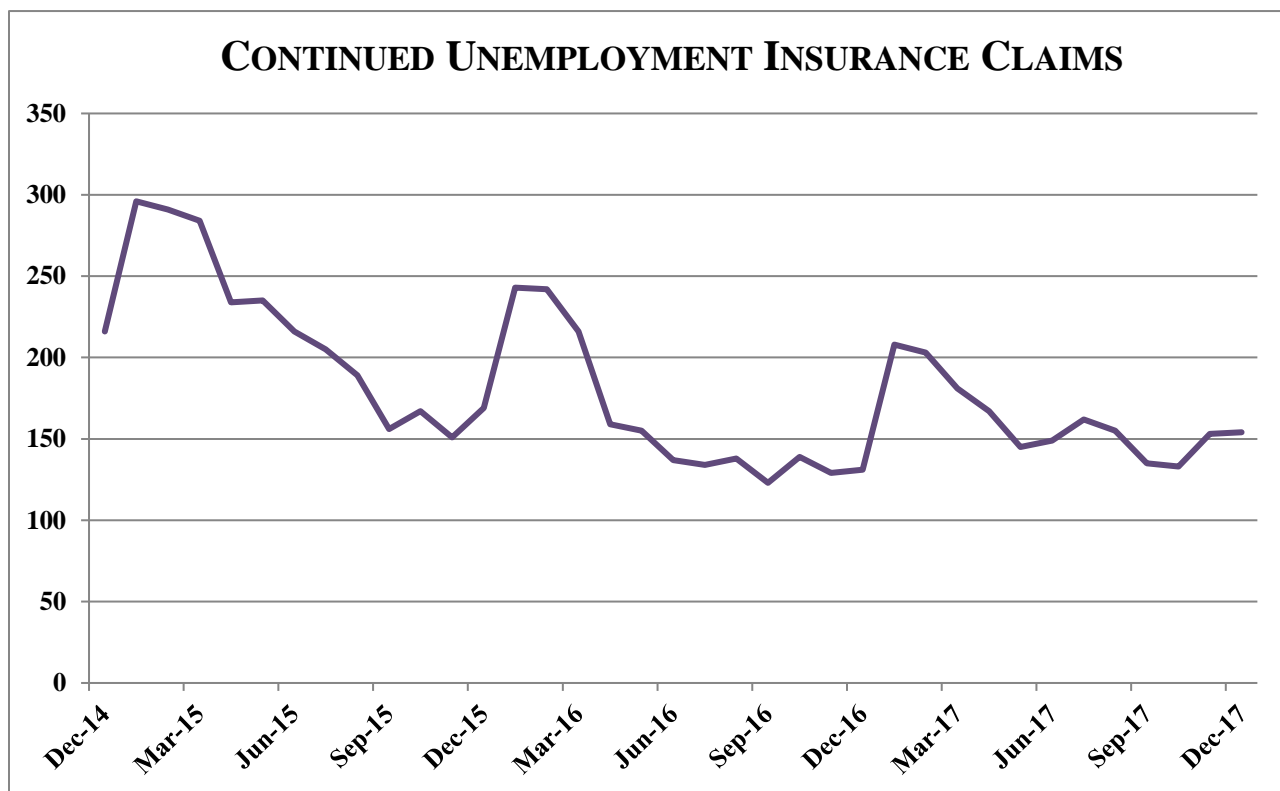
not seasonally adjusted, calendar year basis



Source: Virginia Employment Commission. 2017 data available after 1st Quarter, CY 2018.

b) Unemployment Insurance Claims

Continued unemployment insurance claims saw a 12% increase over the first half of FY 2018, as compared to the same period last year, while initial unemployment claims saw a decrease of 5% as compared to last year, consistent with seasonal fluctuation.



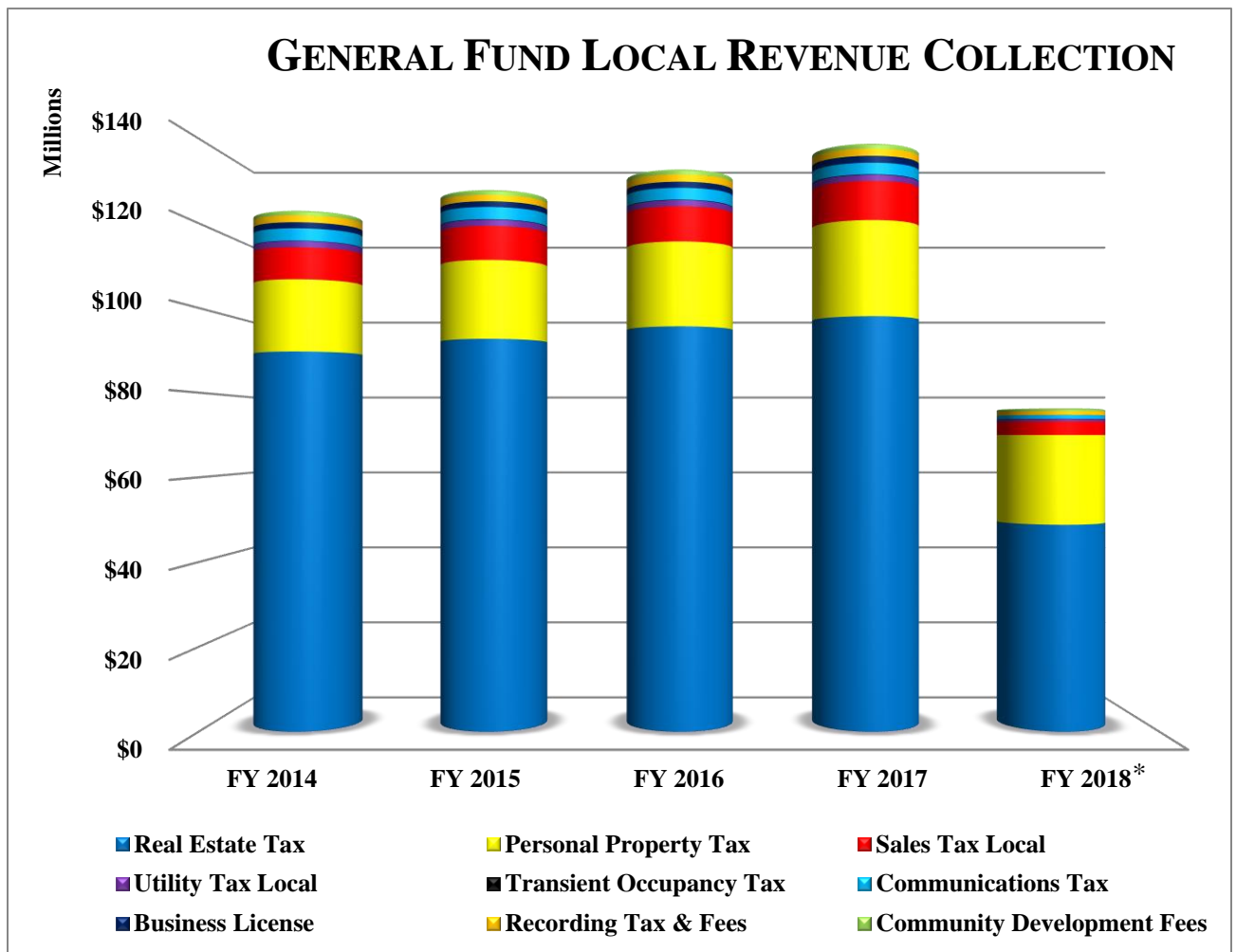
Source: Virginia Employment Commission

3. Local Revenues

The following graphs display key General Fund local revenue sources. Local revenue sources observed are real estate tax, personal property tax, sales taxes, utility tax, recording tax and fees, business and other professional licensing tax and fees, and transient occupancy tax revenue.

a) General Fund Local Revenue Collection

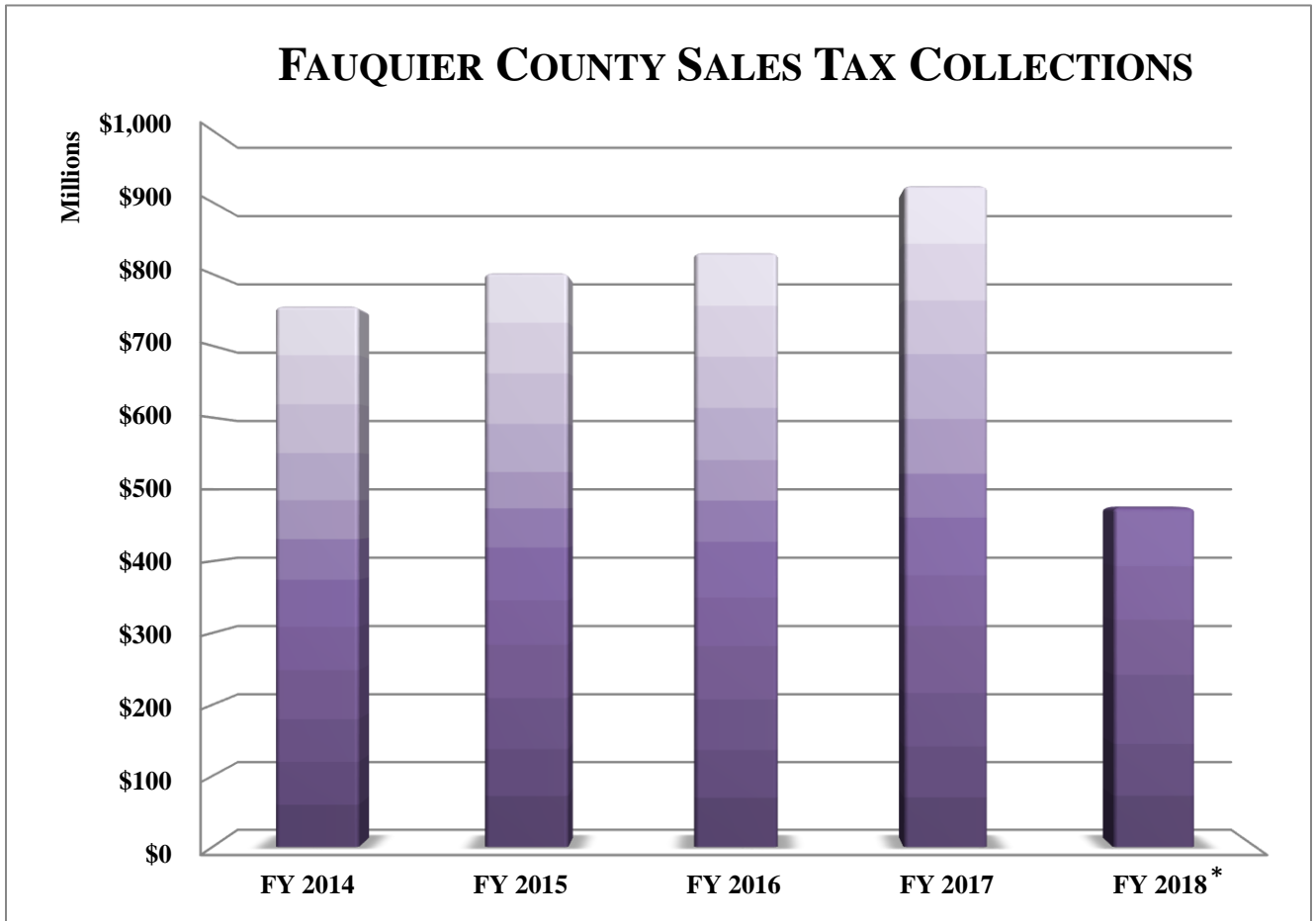
General Fund local revenues continued to experience consistent growth overall in the first half of FY 2018, with a 3% increase compared to the same period in FY 2017. The most significant growth in FY 2018 can be found in real estate taxes, sales taxes, and personal property taxes. Both sales and personal property tax collections are trending ahead of projection and slightly higher than normalized trends.



*FY 2018 includes data as of December 31, 2017.

b) Sales Tax Revenue

Monthly sales tax collections experienced a 3.2% increase through the first half of FY 2018 in comparison to the same period of FY 2017., This is a normalized rate of growth. It remains in line with the rest of the region and outpaces the State's annual growth trend.



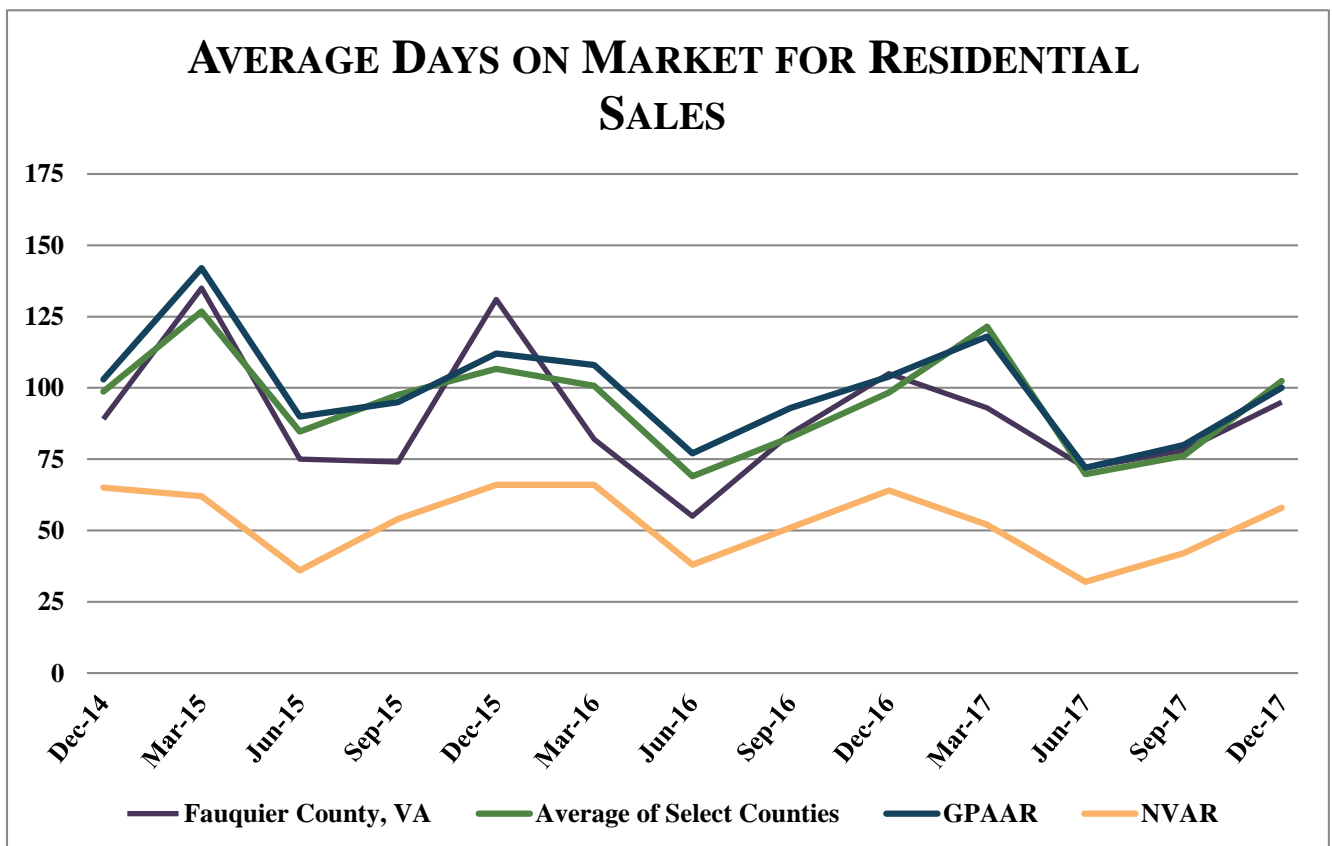
*FY 2018 includes data as of December 31, 2017.

4. Residential Housing Market – Current Data

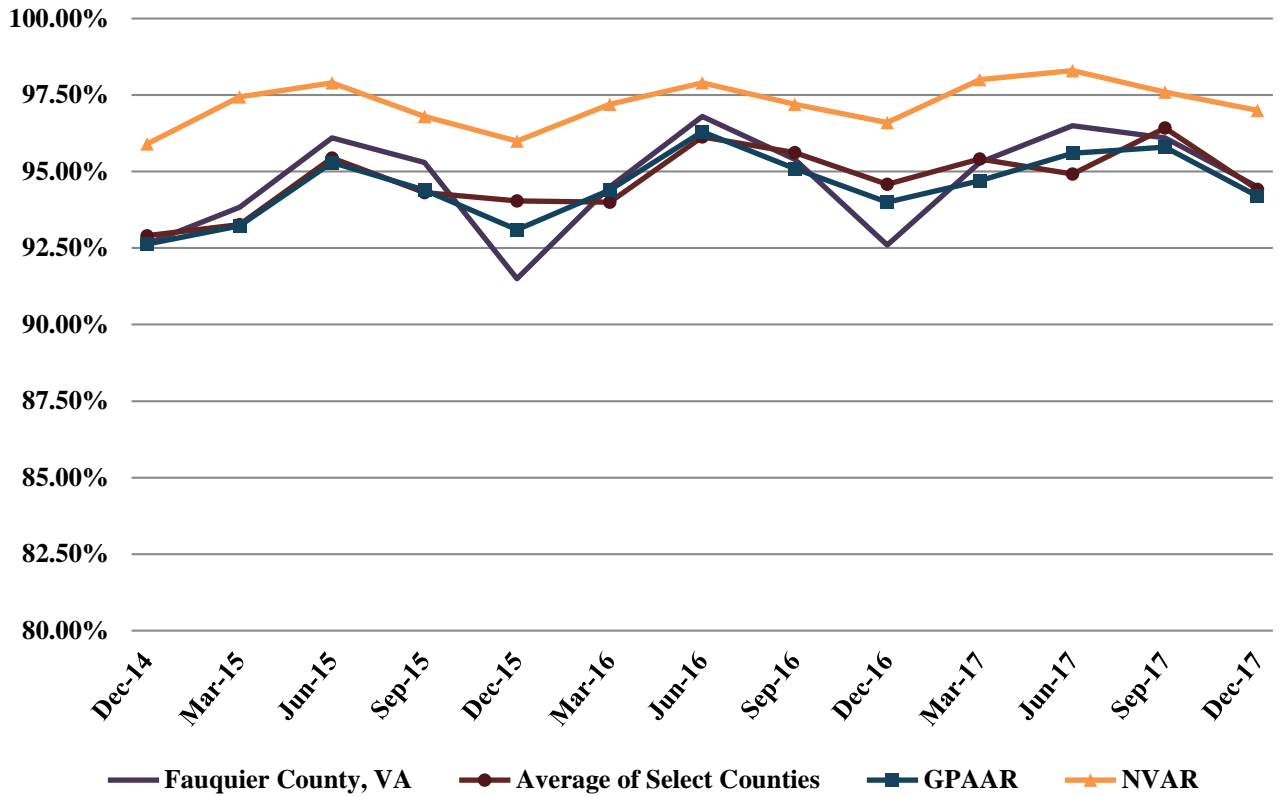
The following charts provide data on various characteristics of the local residential housing market. The graphs display data for Fauquier County, the Greater Piedmont Area Association of Realtors, Northern Virginia Association of Realtors, and/or an Average of select counties. The Greater Piedmont Area Association of Realtors (GPAAR) is composed of the following counties: Fauquier, Culpeper, Orange, Madison, and Rappahannock. The Northern Virginia Association of Realtors (NVAR) is composed of the following counties or cities: Fairfax County, City of Fairfax, Arlington County, City of Alexandria, and City of Falls Church. The selected counties for purposes of averaging include Fauquier, Culpeper, Orange, Madison, Fairfax, Loudoun, Prince William, Rappahannock, and Spotsylvania.

a) Residential Sales

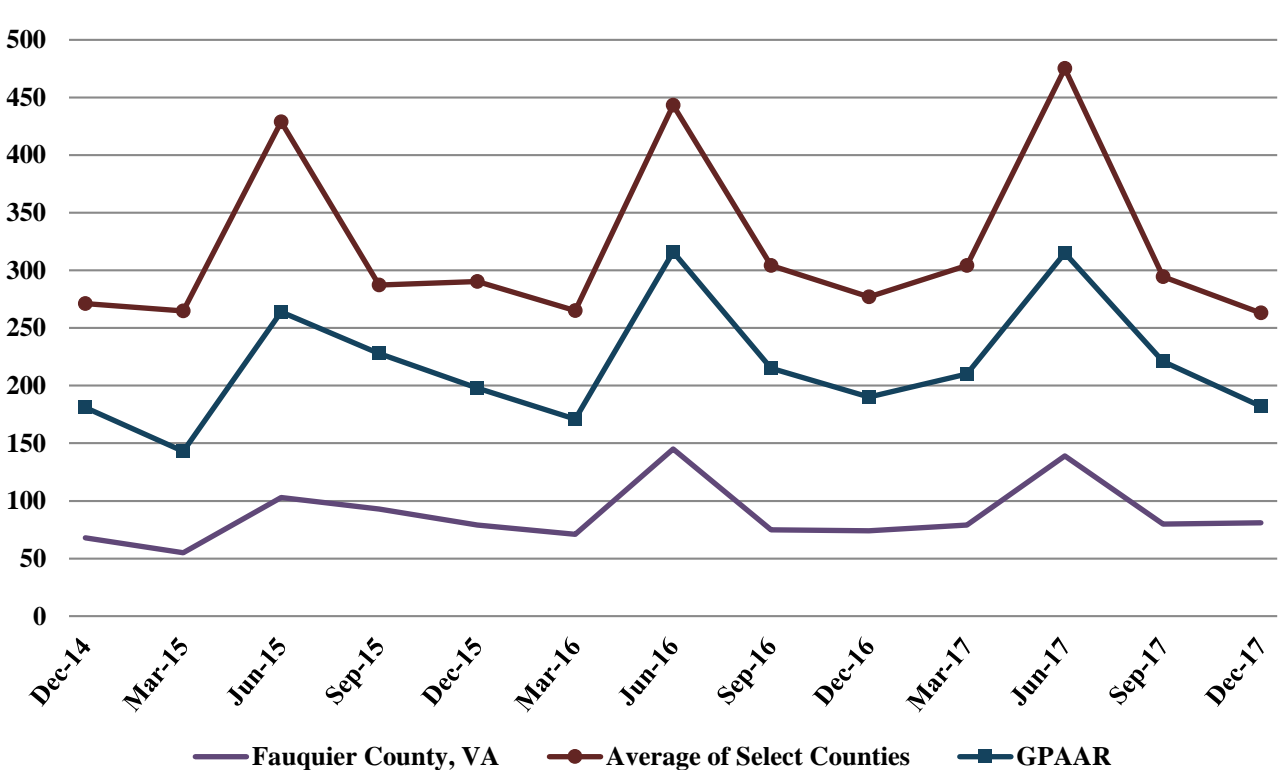
The County's housing market has remained relatively stable through the first half of FY 2018, with only normal seasonal fluctuation. The number of units sold increased by approximately 9.5% at the end of the second quarter and the median sales price increased by a significant 18% as compared to the same period in FY 2017. This trend is similar to the region and an experience seen on the state and national levels, with insufficient real estate inventory-to-market demand. The median sales price has stayed relatively flat, with seasonal fluctuation, similar to the rest of the region.

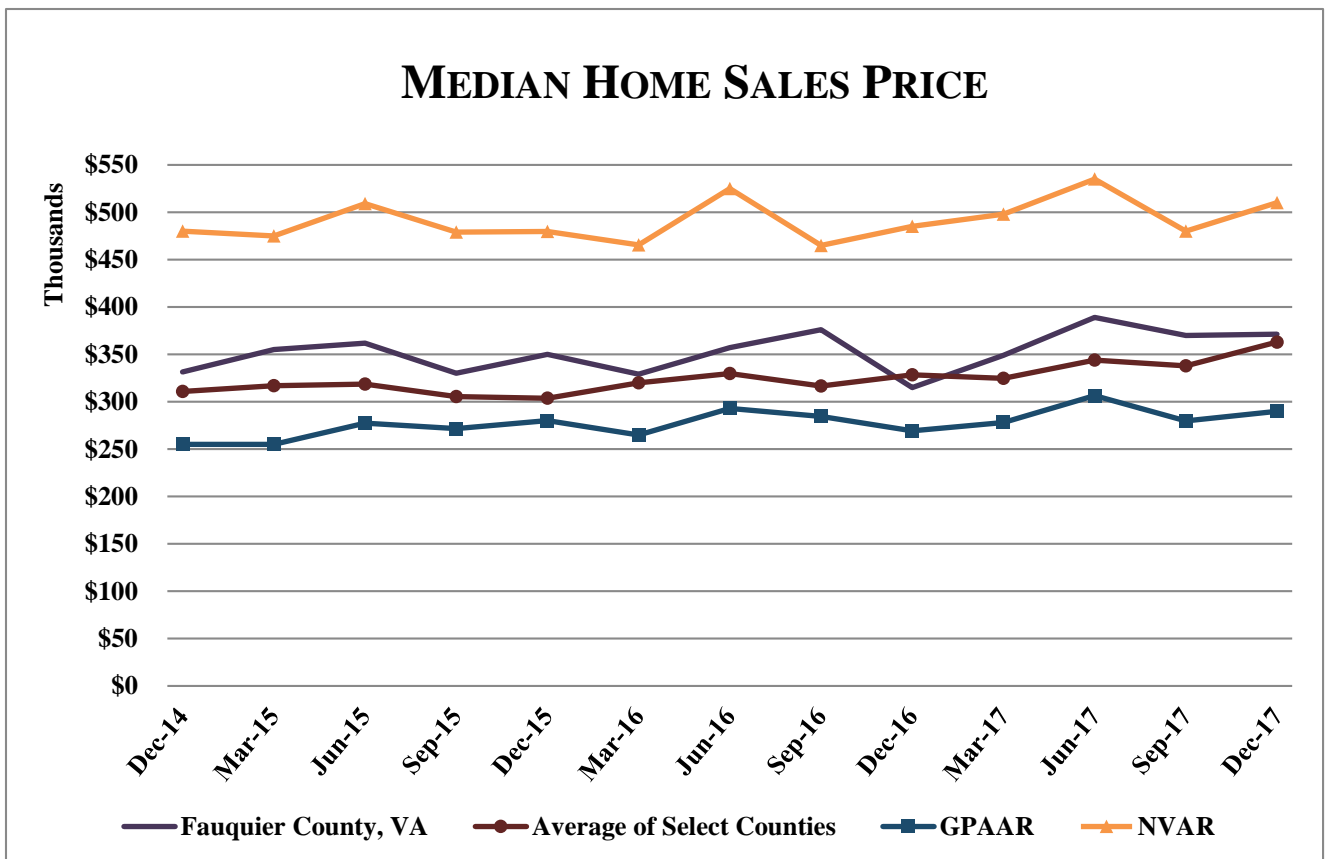
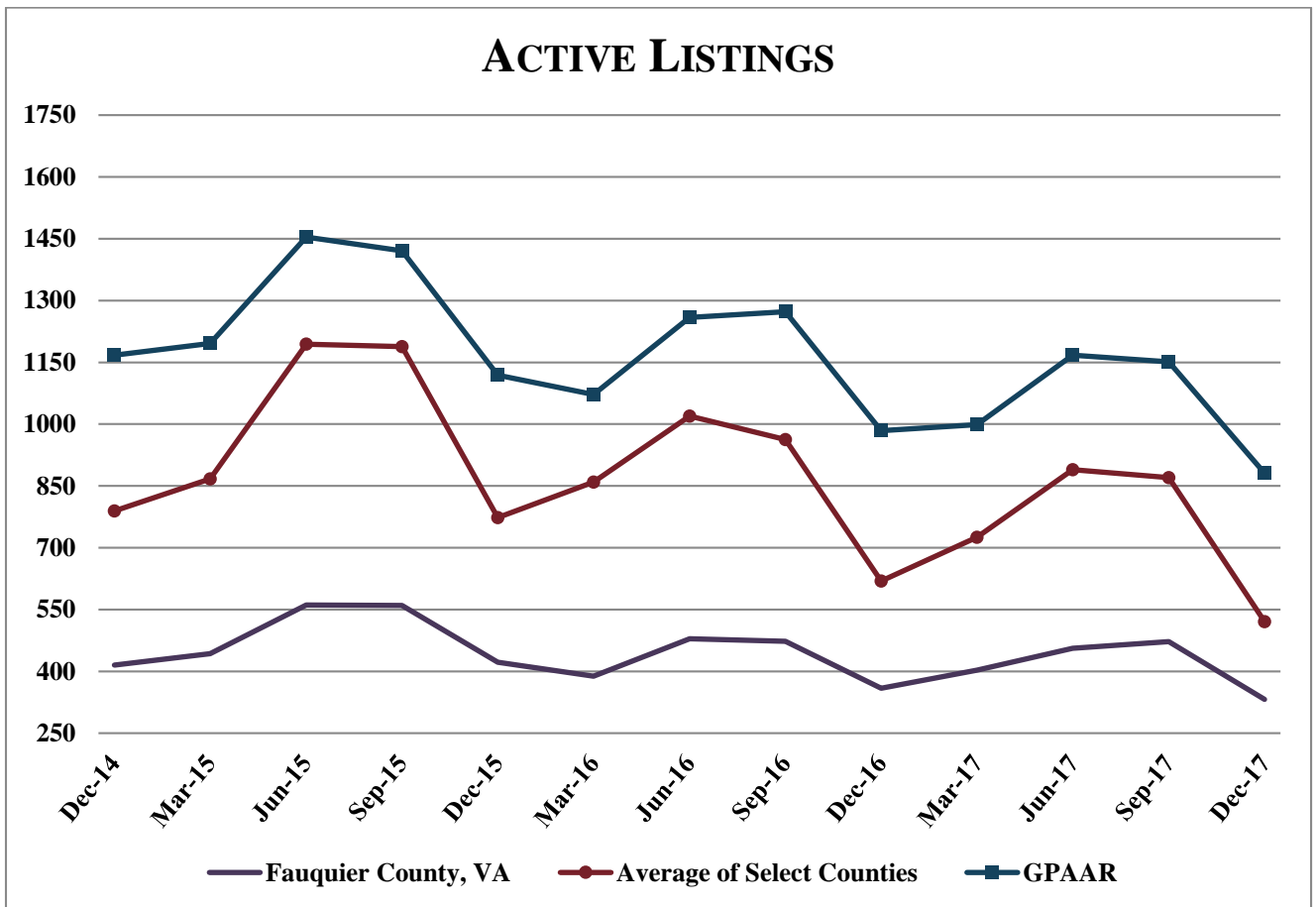


AVERAGE SALES PRICE AS A % OF AVERAGE LIST PRICE



NUMBER OF HOME SALES



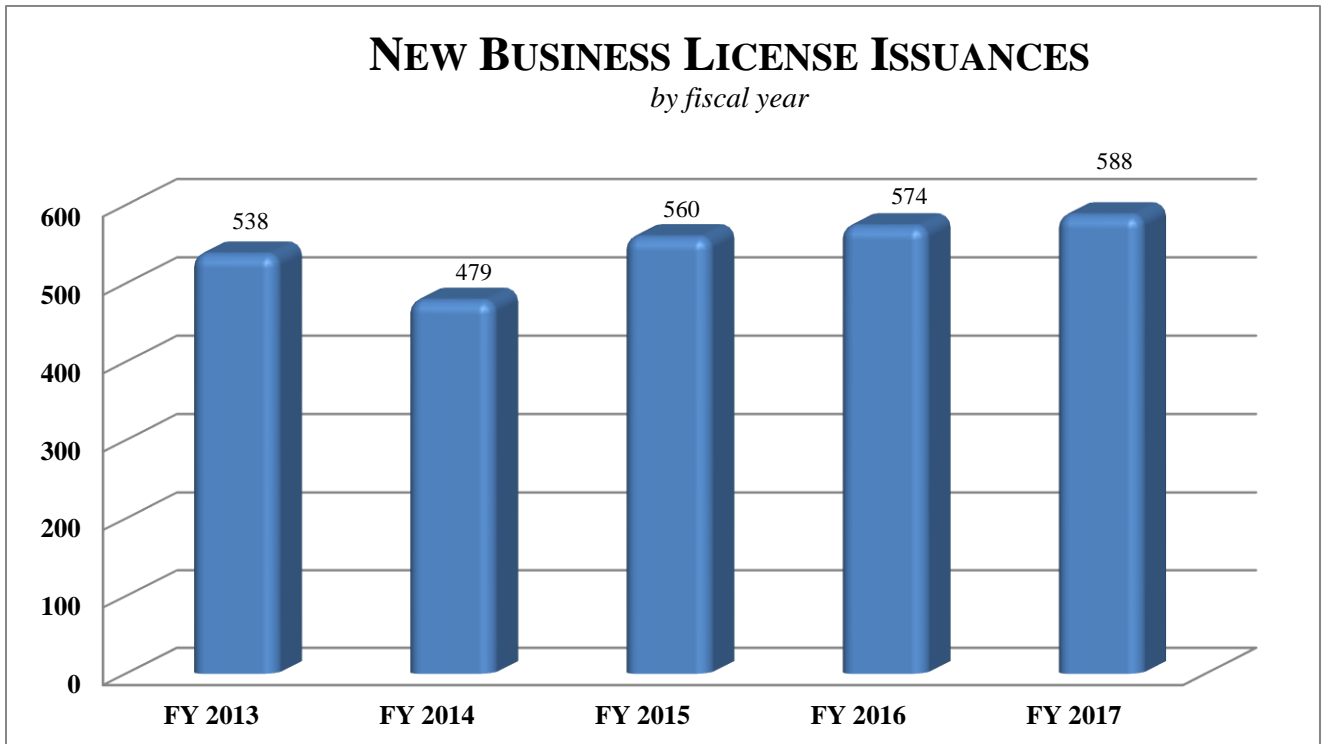


Source: Metropolitan Regional Information Systems, Inc. (MRIS)

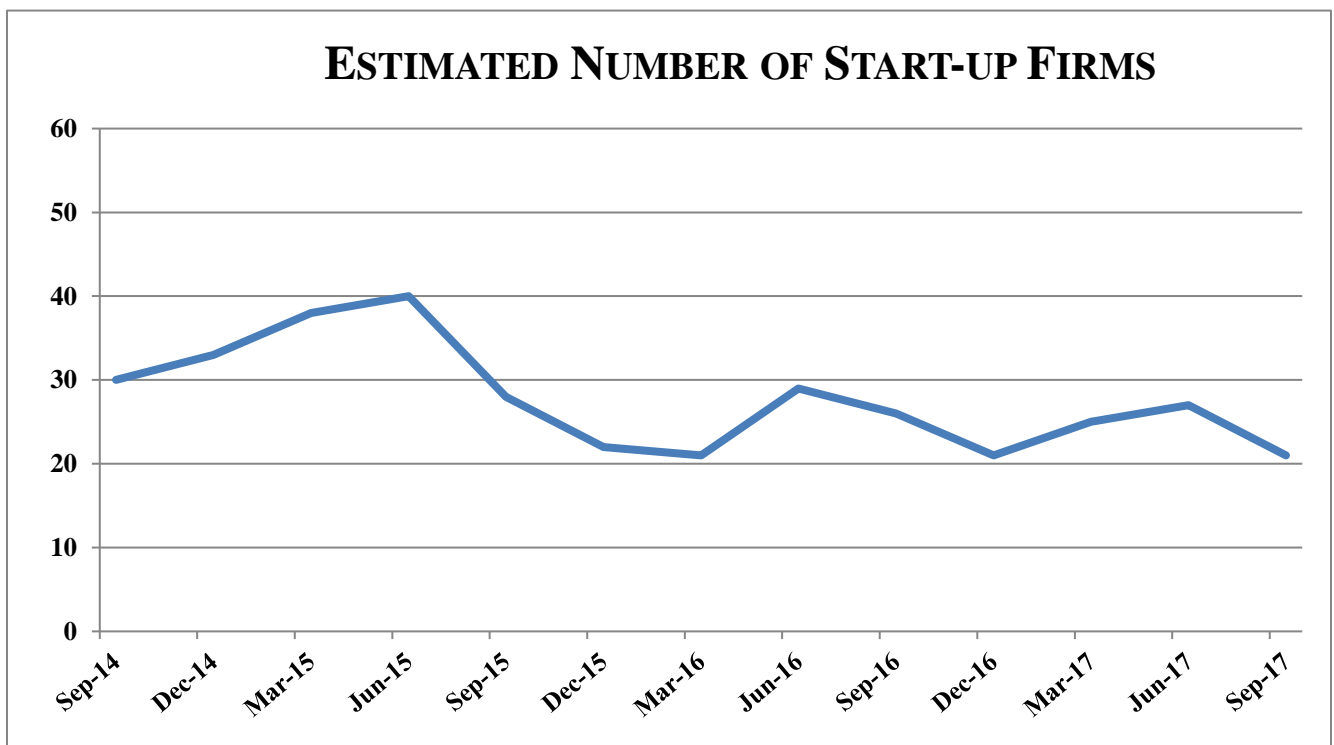
B. Historical Economic Indicators Data

1. Businesses

The number of new licenses issued for businesses continues to experience a positive trend over the last three years, with a 2.4% increase in FY 2017 compared to FY 2016. The number of start-up firms continues to experience season fluctuation, with a 4% decrease through the end of the third quarter of CY 2017 as compared to the same period in CY 2016.



Source: Commissioner of the Revenue



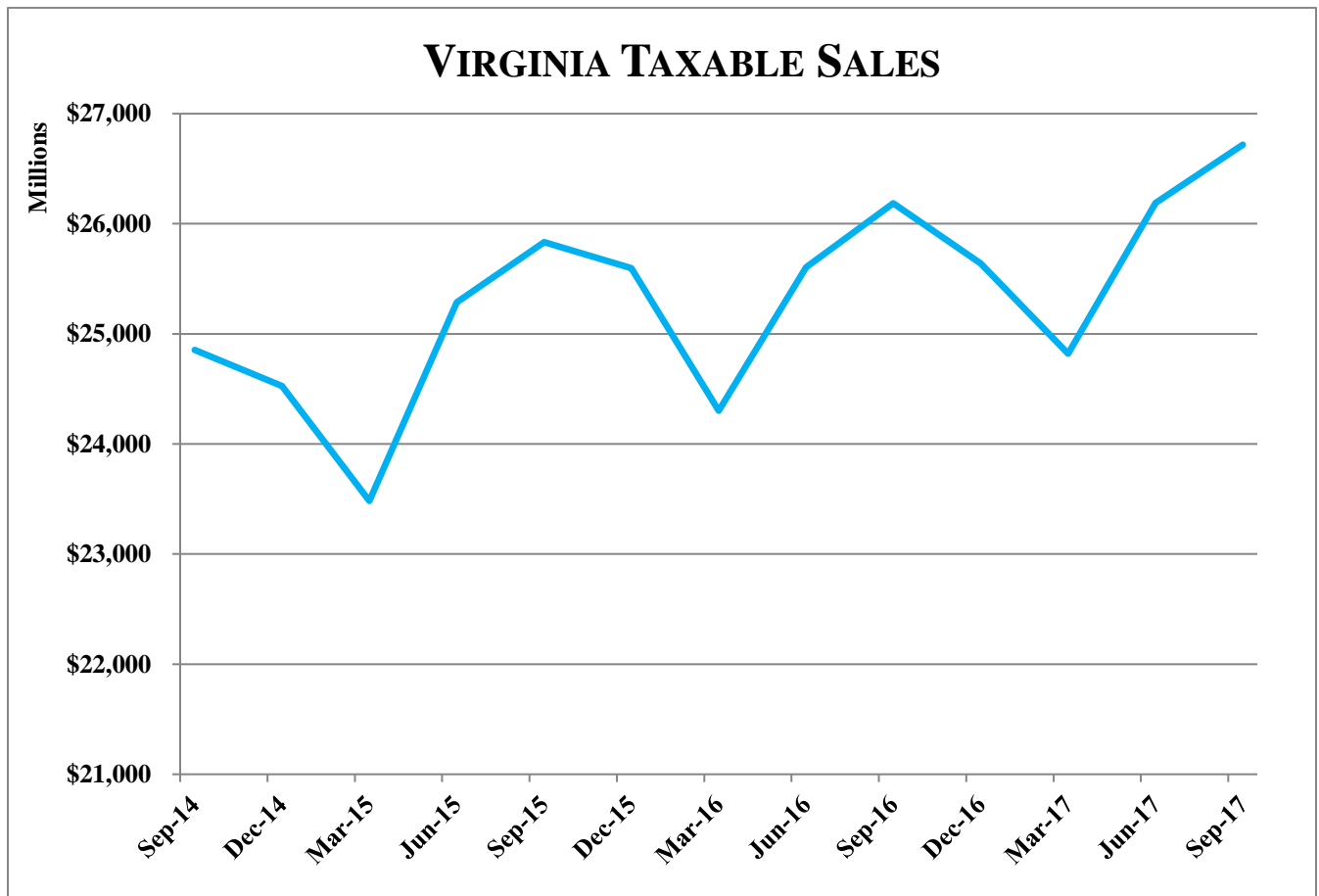
Source: Virginia Employment Commission, as of September 30, 2017.

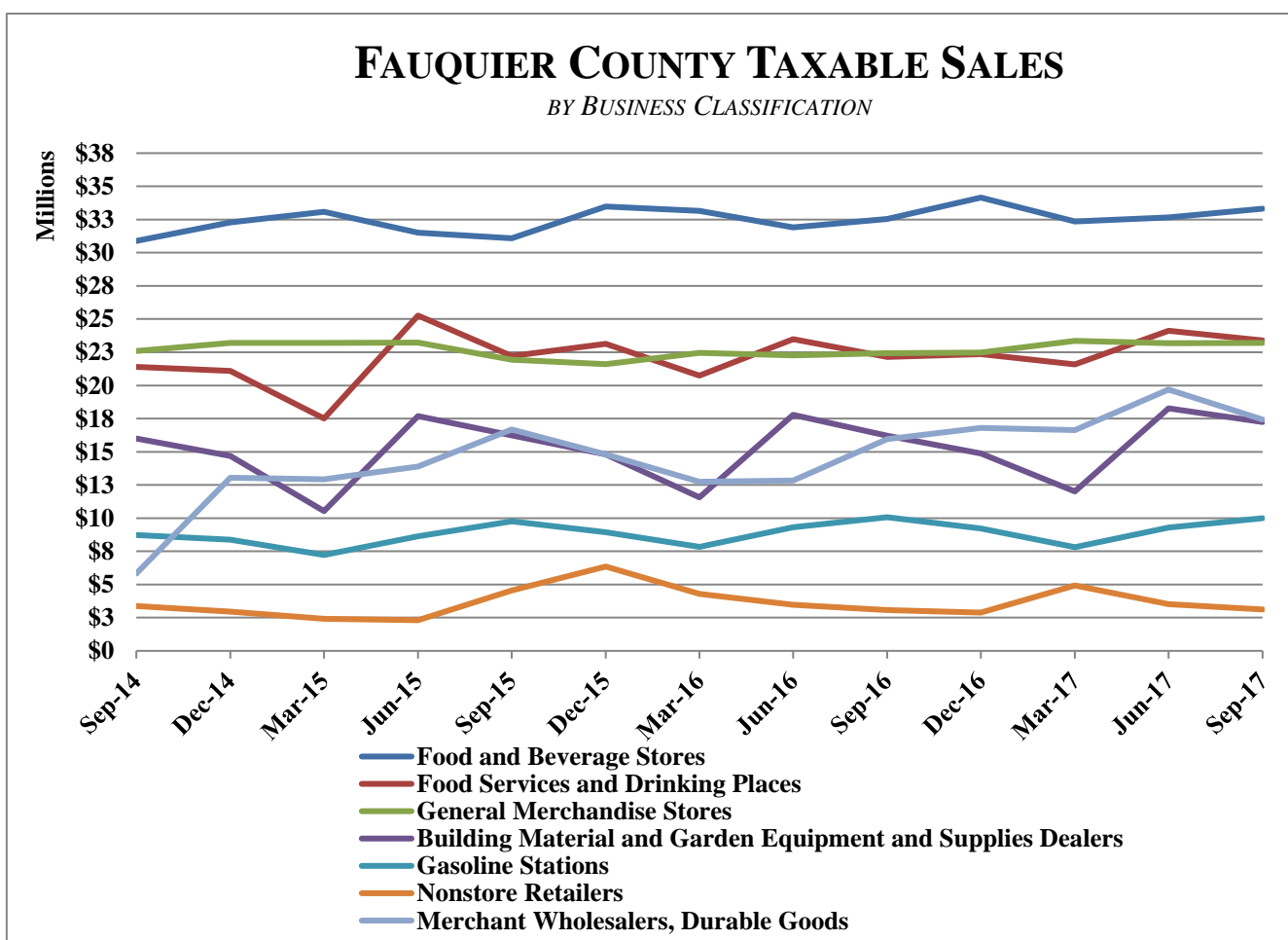
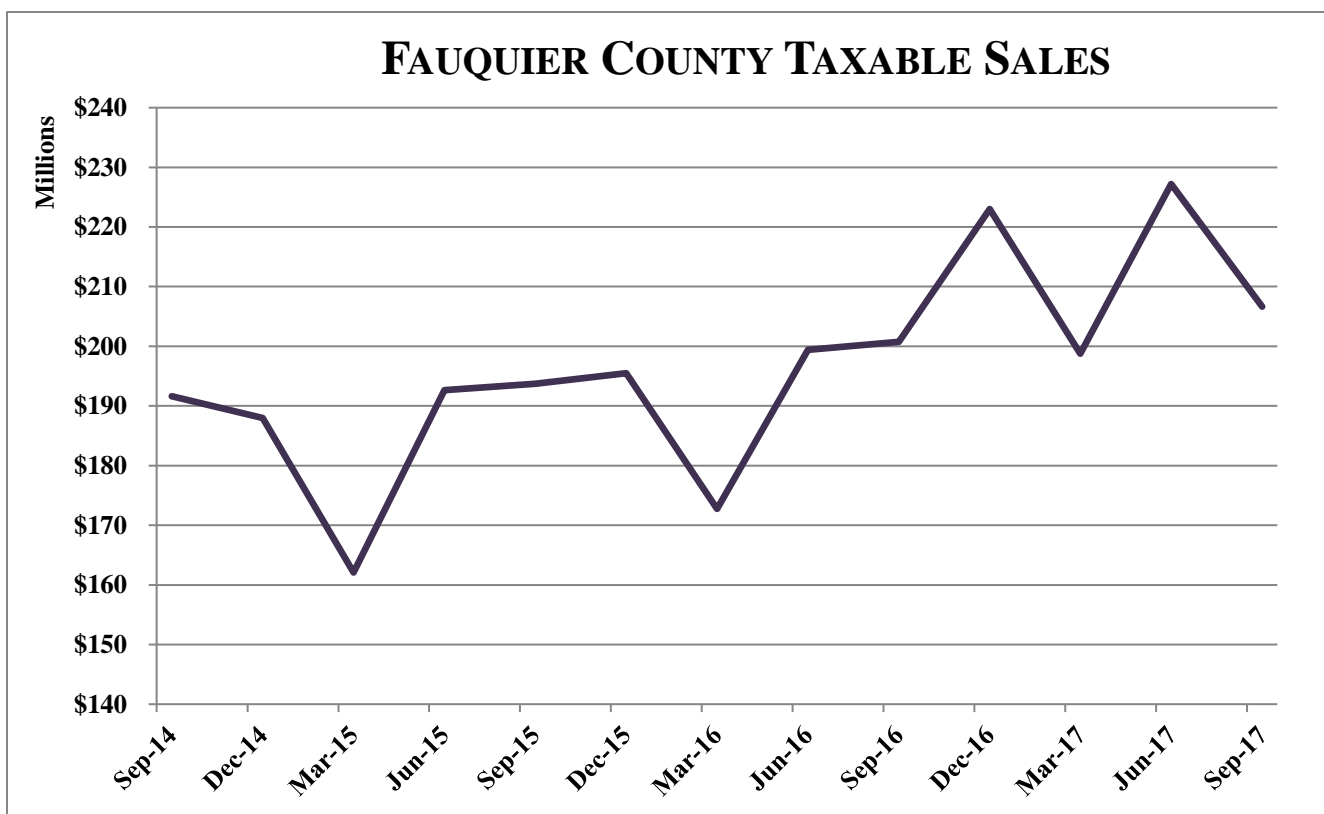
2. Taxable Sales

The following graphs provide data trends of taxable sales relative to the County, the State, and other local jurisdictions including:

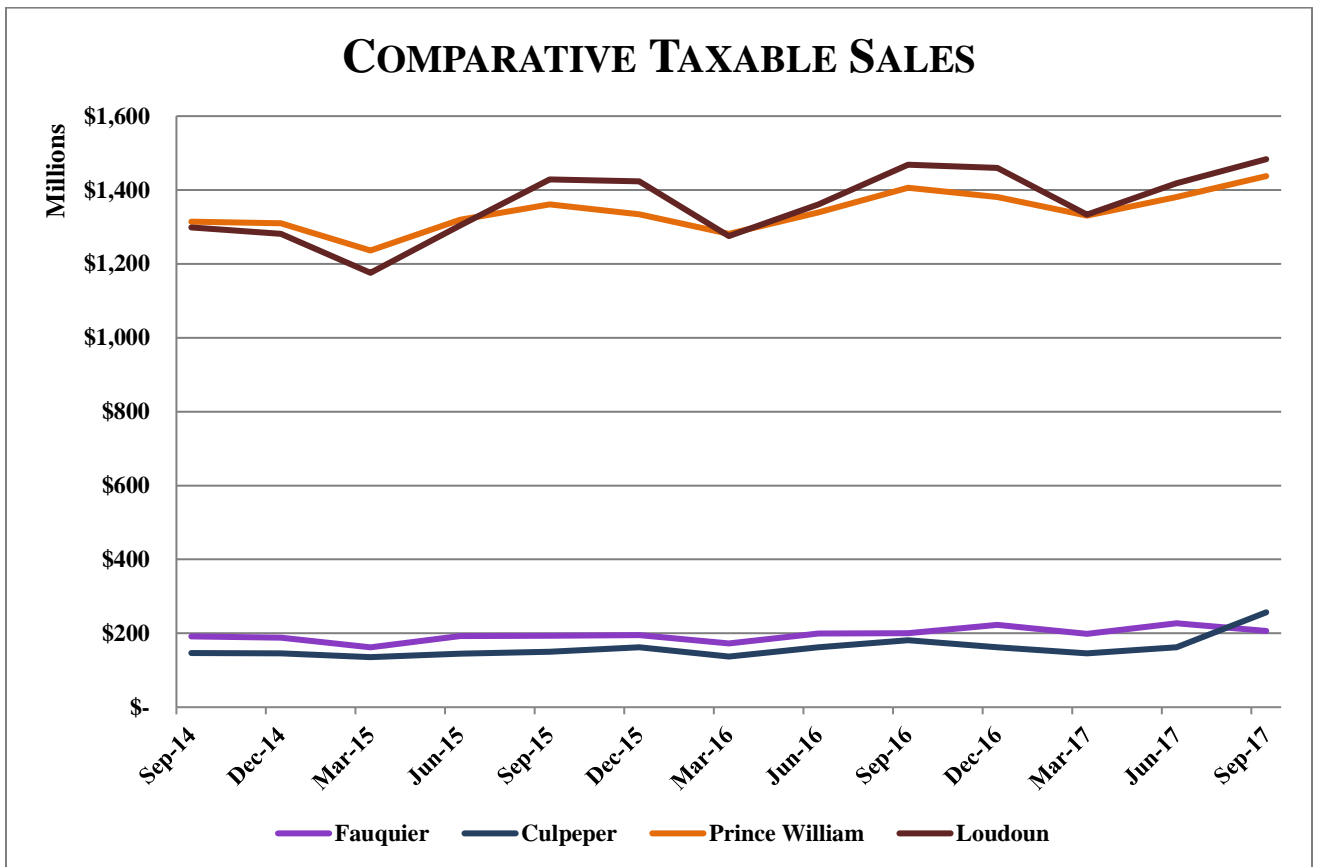
- Virginia statewide taxable sales;
- Fauquier County taxable sales;
- Fauquier County total taxable sales for business classifications with sales in excess of \$10 million at the beginning or end of the recession; and
- Fauquier County taxable sales in comparison to Prince William, Loudoun, and Culpeper Counties.

At the end of the first quarter of FY 2018, the County experienced a 3% increase in taxable sales as compared to the same period in FY 2017. Taxable sale classifications saw increases across the board at the end of the first quarter of FY 2018 as compared to the same period in FY 2017. Merchant wholesalers-durable goods saw the most significant increase in taxable sales at the end of the first quarter of FY 2018, increasing 9.2%. Building material and garden equipment supplies dealers also saw a notable increase of 6.4%, while general merchandise stores, food and beverage stores, food services and drinking places, and nonstore retailers experienced moderate increases of 3.5%, 2.4%, 5.6%, and 1.5%, respectively. Overall, the County's taxable sales continue to experience positive growth, with seasonal fluctuation, but at a higher rate of change.





Note: Categories displayed only represent those classifications that had \$10 million or more in monthly sales prior to the recession. Source: Weldon Cooper Center for Public Service, UVA.



Source: Weldon Cooper Center for Public Service, UVA.